

Council tax reduction in Rushmoor

Reviewing recovery processes for stable, sustainable collections

In implementing this important change, the Council was determined to bring in a new scheme that was fair, affordable, workable and equitable for all our residents. We introduced a minimum contribution for everyone, but made sure that alongside this we took an approach to collections that were supportive at all stages of the process and minimised the escalation of debts. I believe we have taken our responsibility seriously and our results during the past year, in achieving stable collection rates, have shown that we are achieving our objectives.

Councillor Adam Jackman
Portfolio Holder for Concessions and Community Support.

Summary of scheme

- [Rushmoor Borough Council](#) experienced a funding reduction of £0.5m when council tax benefit was abolished. As a result of this and other local changes, they needed to collect an additional £1.5m
- Rushmoor's council tax reduction scheme involves an 8 per cent minimum contribution for all, regardless of council tax band
- Around 2,300 households are affected, 1,800 of whom have never paid council tax before
- No one pays more than £3.70 per week if they receive the maximum level of support and most pay less than £2
- Child benefit and child maintenance is treated as income except for those in receipt of means-tested, working age benefits
- Work and savings incentives protected by maintaining but all other elements such as levels and types of disregards, savings allowed and tapers are in line with the old council tax benefit scheme and housing benefit rules
- Changes to council tax exemptions and discounts for empty homes have been used to raise additional revenue

Why Rushmoor's work stood out

Rushmoor Borough Council changed its approach to collections and recovery for people who were affected by the change from CTB, providing encouragement and support to help people pay. They did not take any court action against anyone in this group for six months, and where court action was eventually necessary, they reduced court costs, held separate hearings and did not instruct bailiffs to recover debts. They have succeeded in collecting 80 per cent of the newly created liability for the people

Making welfare work locally

who were previously on full CTB and overall their collection rate has remained stable, at 98.3 per cent.

Key strengths

Detailed modelling and customer-centred design

In the summer of 2012, Rushmoor Council set up a Welfare Reform Task and Finish Group, made up of elected members and council officials, to devise and monitor their welfare reform work, including their council tax reduction scheme. This group was led by the Head of Customer Services and the Benefits Manager, who used a modelling tool and her own detailed knowledge of the benefits system to model the impacts of around 10 different scheme options. These included:

- exempting certain groups such as disabled people or families from any payment liability;
- restricting support to households in properties within certain council tax bands;
- different levels of minimum contribution, from 0 per cent to 25 per cent per cent; and
- changes to elements such as levels of earnings disregards, savings and non-dependant deductions.

These options had different costs associated with them and included different funding options, including changes to council tax discounts and exemptions or an across the board Council Tax increase. The aims of the scheme were to incentivise work and protect vulnerable people, while making savings within the scheme.

Rushmoor Borough Council uses a systems thinking approach to its work, which helps them to focus on the needs of their customers. Systems thinking is a way of working that involves considering how the different parts of an organisation work together and influence each other, rather than looking at issues and challenges in isolation. From Rushmoor Borough Council's perspective, this means looking at their work from the perspective of their customers.

Using a systems thinking approach means that we look at the things we can't change, the 'systems conditions', and from there develop a scheme that works the best for local residents. We couldn't change the budget or the criteria set by the Department for Communities and Local Government, but we could ensure that the scheme was as simple as possible for people to understand, and we made sure we did everything we could to help people pay.

Dawn Menzies-Kelly, Benefits Manager, Rushmoor Borough Council

Over recent years, we have seen a culture change at Rushmoor Borough Council. There has been a big turnaround to systems thinking, and staff have become increasingly customer focused. They have really worked to develop a system that meets their customers' needs. Welfare reform has meant that staff are dealing with more complex issues and the impacts can be felt across the council. There were already changes underway, but this has given additional impetus to focusing more on clients' needs.

Alex Hughes, Chief Officer, Rushmoor Citizens Advice Bureau

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Spreading the costs and not protecting one group at the expense of another

Rushmoor Council consulted with local organisations such as Rushmoor Citizens Advice Bureau (CAB), the food bank and Rushmoor Voluntary Services over the different scheme options. All expressed the view that certain groups should not be prioritised at the expense of others. Councillors decided that all working age residents would need to make a minimum contribution towards their council tax. The number of modelled options that involved a minimum contribution was then reduced from 10 to three.

Dawn Menzies-Kelly, Benefits Manager at Rushmoor Borough Council said:

Once we knew that there was to be a minimum contribution, everyone understood what the context was and knew what we were working towards. It was good to be clear. We knew that we needed to develop a scheme that involved a minimum contribution from everyone of working age but also protected the most vulnerable, and that the scheme should not be used as a way of generating additional revenue beyond what was needed to cover the funding reduction.

Ian Harrison, Director of Resources said:

We knew we needed to make savings and could not put in additional funding to provide full support to everyone who had been receiving council tax benefit. However, we also knew that it was not reasonable to push all of the financial pressure of the scheme onto those who are least able to afford it. We therefore decided to look at whether we could make changes to the council tax exemptions for empty properties and raise additional revenue that way.

Once the council had modelled these options, they consulted with residents and local organisations on the best option, and settled on a minimum contribution of 8 per cent. They also removed the child benefit and child maintenance disregards, meaning that income from those sources is taken into account when determining a household's eligibility for the scheme, except for those in receipt of passporting benefits. They also increased their charges on empty properties, intending that around half the funding for the council tax reduction scheme would come from this, and half from the minimum contribution and changes to income disregards. In fact, a greater proportion has come from the increased charges on empty properties as this change has resulted in less behaviour change amongst owners than expected; although some properties are coming back into use more quickly, in other cases, owners are simply paying the increased charges.

Innovation in collections and recovery processes

Rushmoor Council is very aware that paying a contribution towards council tax is a new experience for many people who were previously receiving council tax benefit. There are approximately 1,800 households that have never had to pay council tax before, and around a further 500 whose liability has increased.

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Rushmoor Council has taken a different approach to collection with this group of people, and has separated them out from other council tax payers.

The Council informed all affected households about the changes in advance of sending out the first bills. Then when the first payments became due, the revenues team began to make phone contact with those who had not yet paid. They worked closely with the Benefits Team, who produced templates that showed exactly what the charges were per week and per month for households living in properties of different bands.

Some people we spoke to hadn't really understood that they needed to pay. They'd had a letter from us but hadn't always read it or understood it. When we phoned them, we were able to explain the changes and talk about different options to pay to make it easier. For example by letting them make fortnightly payments to match their benefit payment days. Some people hadn't realised how little they needed to pay and found it helpful when we broke it down into a weekly amount that they felt was more manageable.

Karen Parker, Local Taxation Manager, Rushmoor Borough Council.

If people did not pay at this stage, further phone calls were made, as well as written reminders. No court action was taken for this group of people for the first six months, as staff continued to try to encourage and support payment. This is very different from the approach taken with other residents who fall into arrears with their council tax, who are usually sent two reminders and then a court summons.

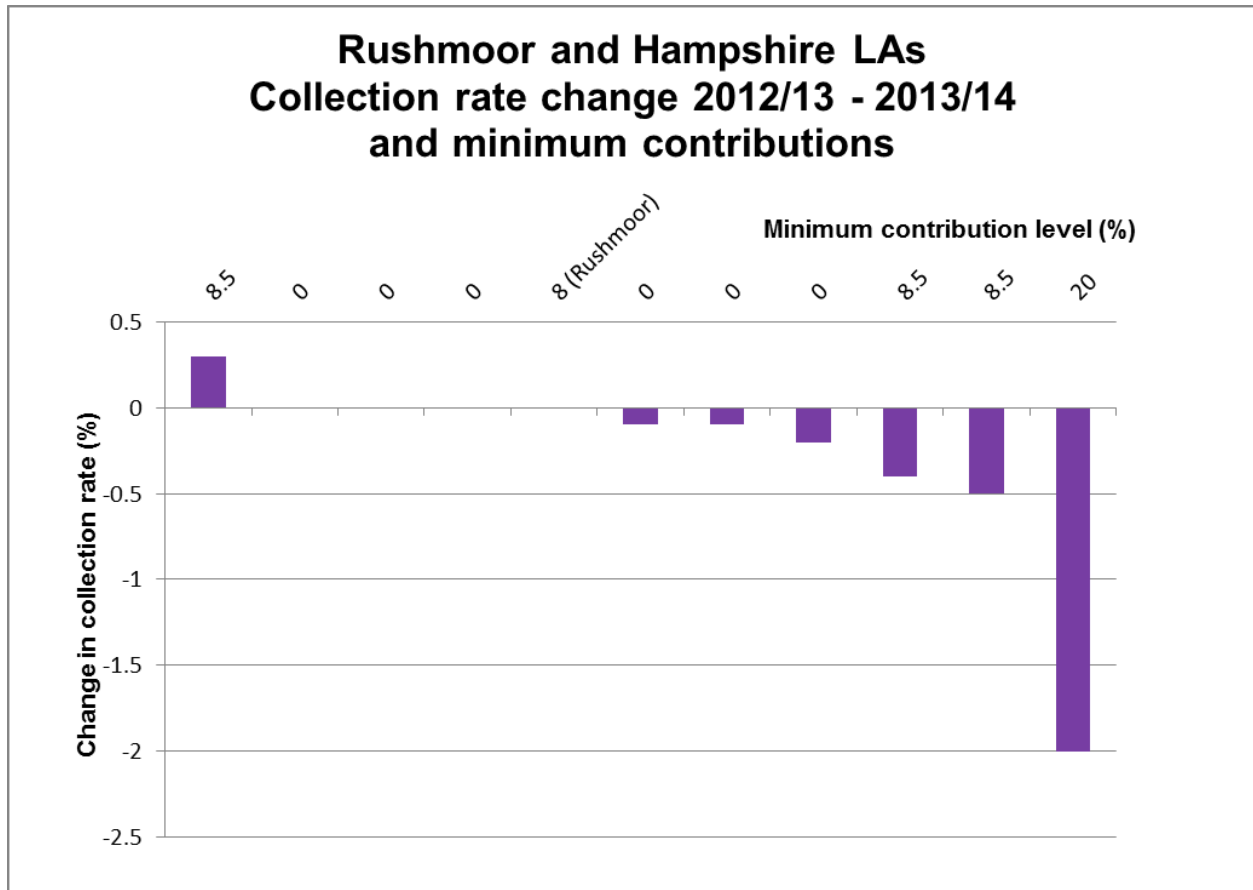
When residents who have never before been responsible for paying their council tax are taken to court, they have separate hearings from other residents and, with the agreement of the court, their court costs have been reduced from £80 to £20. This is on the basis that the method of recovery is most likely to be by an attachment to benefits order. This is a much cheaper option than other methods such as engaging bailiffs, which collections staff have been instructed not to do for this group of residents.

This different approach has been a learning experience for the Revenues Team who have spoken in much more depth to people who they are trying to recover money from, and have been much more flexible and understanding. The Council did not take on any additional staff to make this contact. As collection rates have remained stable, senior staff are confident that the small additional costs incurred from making more outbound phone calls, and the staff time taken up making more intensive contact with this group of people has been worthwhile.

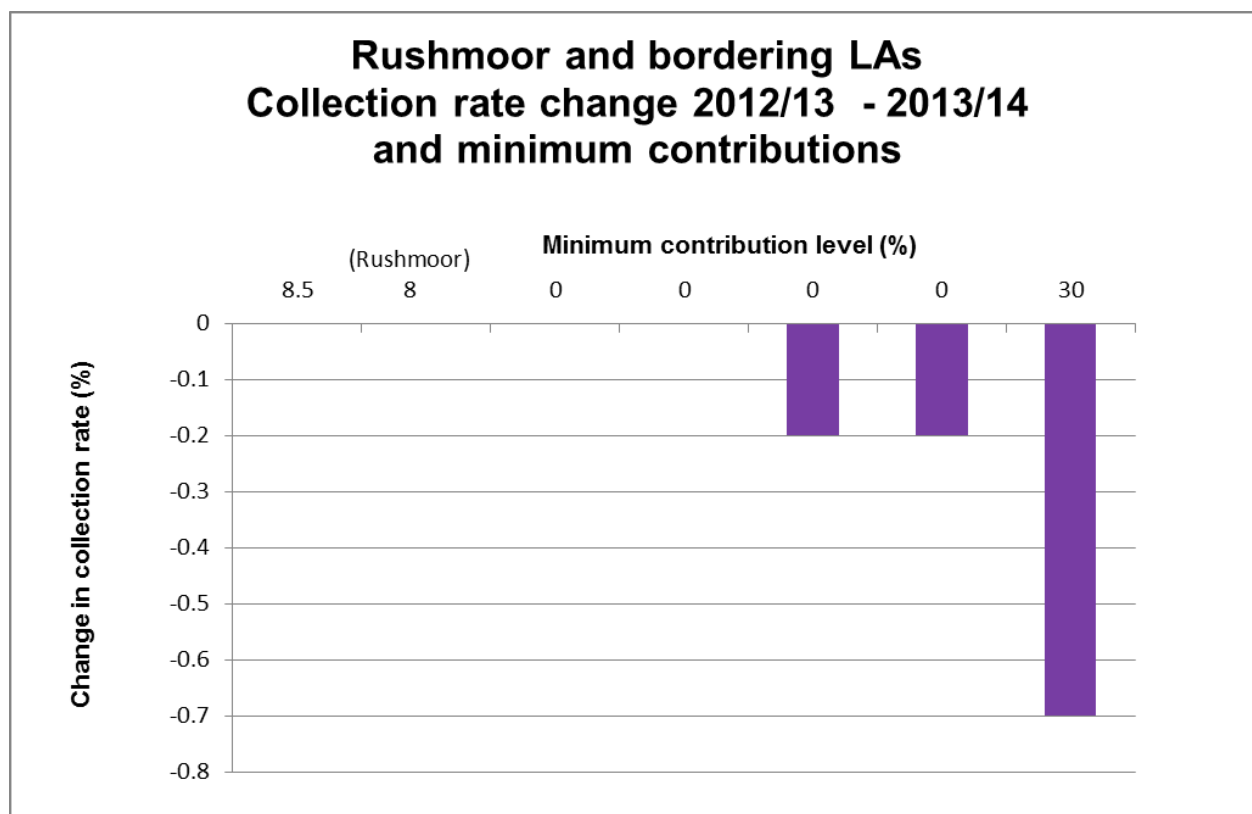
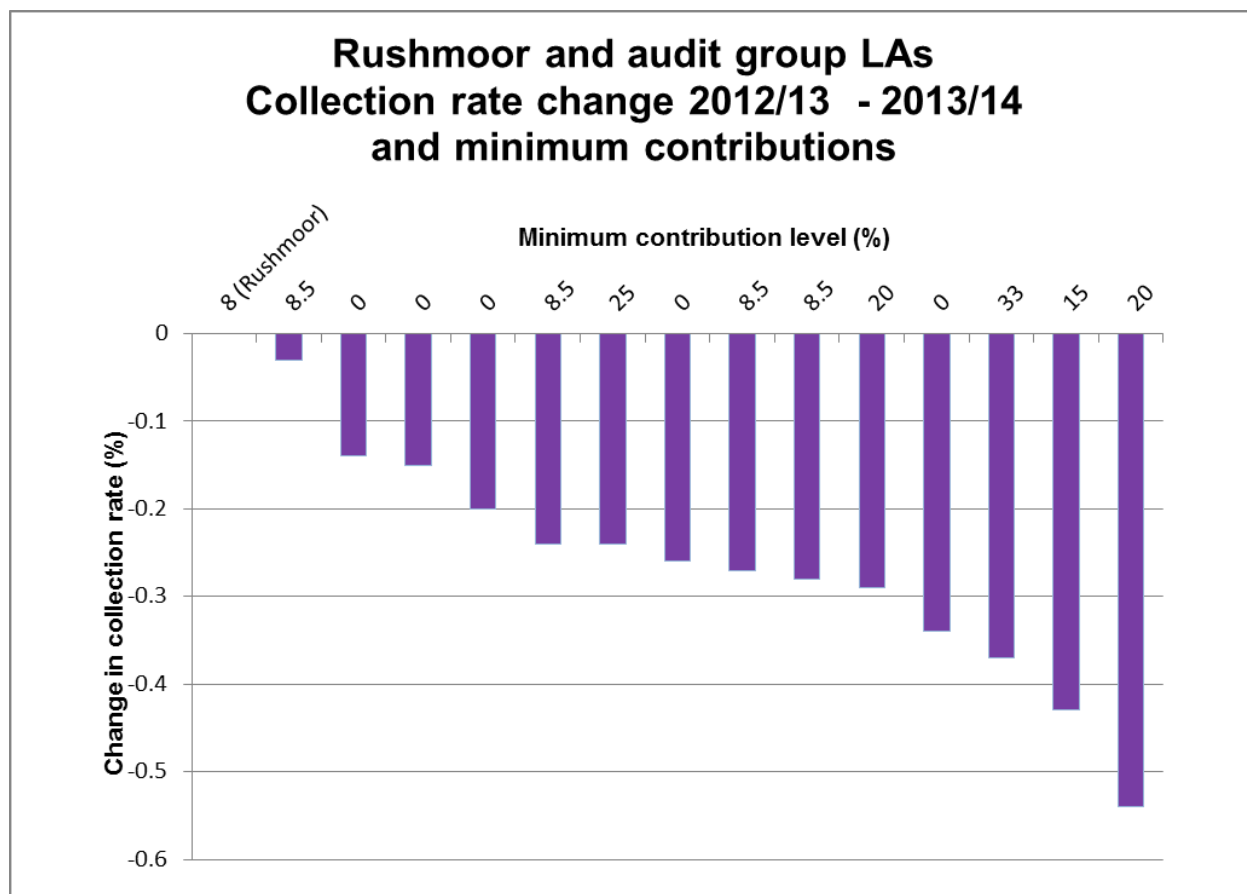
The Council has also set up an Exceptional Hardship Fund, which residents can apply for if they are having difficulty meeting their liability. The Benefits Manager and the Local Taxation Manager can make decisions on this fund, and revenues officers can take applications and make recommendations for funding to managers. The fund can be used quite flexibly, for example to cover arrears and or few months of forward payments to give people time to manage their finances and prepare for paying a contribution.

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This approach has helped Rushmoor Borough Council to achieve an overall collection rate of 98.3 per cent in 2013/14, exactly the same as it was in 2012/13. This compares favourably with other local authorities in Hampshire, those that border Rushmoor and others in Rushmoor's audit group¹ as shown on the graphs below.



¹ An audit group is a group of local authorities with similar demographic make-up. They are not necessarily near to each other or bordering each other. These groups were used by the Audit Commission for making comparisons between local authorities.



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Looking forward

Rushmoor Borough Council is now considering whether or not to make any changes to the scheme in 2015/16. The current data and the sustained position on collection rates, which has exceeded the council's expectations, along with the fact that their caseload overall is decreasing due to improving economic factors, mean that there is potentially some space in the budget for a bit more support to certain groups if they are being disproportionately affected.

Officers and councillors are currently analysing data on impacts and are looking at whether there are any particular impacts on disabled people and families with children. For example, they are analysing the accounts of households on working tax credits and child tax credit that have been affected by the removal of the child benefit and child maintenance income disregards, and have modelled the option to disregard this income